

8127.0 - Australian Small Business Operators - Findings from the 2005 and 2006 Characteristics of Small Business Surveys, 2005-06

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INTRODUCTION

This Main Features presents findings of Australia's proportion of small business operators as sourced from the 2005 and 2006 *Characteristics of Small Business* (COSBO) surveys.

Specifically, selected cross-classified proportions of small business operators are presented. The data covers the following topics:

- sex of operators;
- age of operators;
- (usual) hours worked by operators, per week;
- birthplace (Australian born or born overseas); and
- number of business operations conducted.

This publication represents the final release of data from COSBO surveys. Further information regarding ABS' plans for the release of business operator statistics is presented towards the end of this Article.

For the purpose of this publication, the term "small business operator" refers to an operator of a business with less than twenty employees. In addition, the publication excludes all small business operators who operate Agricultural businesses.

SELECTED FINDINGS FOR 2006

It is estimated that in June 2006 there were 1,646,344 small business operators.

Sex of Small Business Operators

In June 2006, 68% of small business operators were male and 32% were female.

Age of Small Business Operators

In June 2006, 58% of all small business operators were aged between 30 and 50 inclusive. There were 33% of small business operators aged greater than 50 and 9% aged less than 30.

Hours Worked by Small Business Operators

Statistics relating to hours worked are collected by asking the operator the total number of hours which are "usually" worked by the operator.

In June 2006, 67% of all small business operators worked full-time hours (defined as working 35 hours or more per

week) while 33% of all small business operators worked part-time hours (less than 35 hours per week).

Birthplace of Small Business Operators

In June 2006, 71% of all small business operators were born in Australia, with the remaining 29% born overseas.

Number of Small Business Operations Conducted

In June 2006, 92% of all small business operators conducted one business, 6% operated two businesses and 2% operated three or more businesses.

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COMPARISONS OF SELECTED DATA ITEMS FROM THE 2005 and 2006 CHARACTERISTICS OF SMALL BUSINESS SURVEYS

SMALL BUSINESS OPERATORS BY SEX

| | 2005 COSBO Proportions | 2006 COSBO Proportions |
|---------|---------------------------|---------------------------|
| | % | % |
| Sex | | |
| Males | 67 | 68 |
| Females | 33 | 32 |

SMALL BUSINESS OPERATORS BY AGE AND SEX

| | 2005 COSBO Proportions | 2006 COSBO Proportions |
|--------------|---------------------------|---------------------------|
| | % | % |
| Age | | |
| Males | | |
| Less than 30 | 9 | 9 |
| 30-50 | 56 | 57 |
| 50+ | 35 | 34 |
| Females | | |
| Less than 30 | 9 | 9 |
| 30-50 | 61 | 60 |
| 50+ | 30 | 31 |
| Persons | | |
| Less than 30 | 9 | 9 |
| 30-50 | 58 | 58 |
| 50+ | 33 | 33 |

SMALL BUSINESS OPERATORS BY HOURS WORKED AND SEX

| | 2005 COSBO Proportions | 2006 COSBO Proportions |
|--------------|---------------------------|---------------------------|
| | % | % |
| Hours worked | | |
| Males | | |
| Full-time | 80 | 80 |
| Part-time | 20 | 20 |
| Females | | |
| Full-time | 40 | 39 |
| Part-time | 60 | 61 |
| Persons | | |
| Full-time | 67 | 67 |
| Part-time | 33 | 33 |

SMALL BUSINESS OPERATORS BY BIRTHPLACE AND SEX

| | 2005 COSBO Proportions | 2006 COSBO Proportions |
|--|---------------------------|---------------------------|
| | % | % |

| | | |
|-------------------|----|----|
| Birthplace | | |
| Males | | |
| Born in Australia | 70 | 70 |
| Born overseas | 30 | 30 |
| Females | | |
| Born in Australia | 71 | 74 |
| Born overseas | 29 | 26 |
| Persons | | |
| Born in Australia | 71 | 71 |
| Born overseas | 29 | 29 |

SMALL BUSINESS OPERATORS BY NUMBER OF BUSINESS OPERATIONS CONDUCTED AND SEX

| | 2005 COSBO Proportions | 2006 COSBO Proportions |
|---|---------------------------|---------------------------|
| | % | % |
| Number of business operations conducted | | |
| Males | | |
| One | 91 | 91 |
| Two | 7 | 7 |
| Three or more | [^] 2 | [^] 2 |
| Females | | |
| One | 91 | 92 |
| Two | [^] 7 | 6 |
| Three or more | [^] 2 | [^] 2 |
| Persons | | |
| One | 91 | 92 |
| Two | 7 | 6 |
| Three or more | [^] 2 | [^] 2 |

[^]Estimate has a relative standard error of 10% to less than 25% and should be used with caution

The comparative tables illustrate the high degree of stability between the selected data items from the 2005 and 2006 COSBO surveys.

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CHANGES TO ABS BUSINESS OPERATOR STATISTICS

Initiatives in the Field of Business Operator Statistics

In future, ABS intends to release a greater range of information in respect of Australia's business operator population.

In particular, ABS has plans to release updated business operator counts in the form of a new product entitled *Counts of Australian Business Operators (CABO)*. CABO is currently scheduled for release in September 2008.

CABO will present a range of data pertaining to business operators (including small business operators) using a range of different data sources. In particular, CABO will source data from the 2006 Census of Population and Housing as well as recent ABS Labour Force Supplementary Surveys. Both counts and proportions of Australia's business operators will be presented for a wide range of variables.

It is proposed that CABO will be updated every five years, following release of data from the five-yearly Census of Population and Housing.

Survey Sources

Statistics on small business operators have been derived from a variety of data sources, including COSBO. This section of the Article discusses the role of COSBO and other sources in meeting the needs of users interested in statistics on small business operators.

Discontinuation of the Characteristics of Small Business Survey (ABS cat. no 8127.0)

The ABS has decided to discontinue the *Characteristics of Small Business (COSBO)* survey, which has been conducted since 1995. This decision was driven by the development of superior data sources, and the findings of a methodological review of the 2005 and 2006 COSBO surveys. This Article marks the final release of data from COSBO.

The review compared data from the 2005 and 2006 COSBO surveys with data from the 2006 Census of Population and Housing and a range of Labour Force Supplementary Surveys. It concluded that, while some data items collected continue to provide an ongoing and accurate picture of the changing nature of the Australian small

business and small business operator populations, a more consistent picture was provided by the alternate data sources. Specifically, it was determined that proportions of small business operators derived from the 2005 and 2006 COSBO surveys closely aligned with proportions from the alternate data sources in respect of: sex of operators; age of operators; (usual) hours worked by operators; birthplace; and number of business operations conducted. These proportions have been reproduced in this Article.

While the discontinuation of COSBO would normally represent a gap in ABS' small business and small business operator statistics, we note that a range of other outputs relating to both of these statistical fields have been, or are currently being, developed. Preliminary analysis of these newer sources suggests that they generally contain more robust data compared to data released from COSBO.

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Alternative Sources

Discontinuation of COSBO enables ABS' to redirect resources to develop newer and more robust statistics pertaining to small businesses and small business operators. It also allows ABS to better service additional user needs across both of these fields of statistics.

ABS has been focussing on producing more consistent and contemporary business demography outputs in recent years. This is promoting the provision of more accurate and consistent statistical advice to users, while simultaneously reducing the burden on respondents.

ABS' pending release of CABO in September 2008 is expected to provide users with a new and contemporary source of information pertaining to Australia's business operators (including small business operators). ABS therefore recommends the use of CABO data for all future data needs pertaining to counts and proportions of Australia's business operators.

Users of COSBO data may also be interested in a range of other initiatives underway in relation to counts and characteristics data of small business. A listing of new publications (which cover both counts and characteristics data for small businesses and their operators) is provided below.

8165.0 Counts of Australian Businesses, including Entries and Exits

Counts of Australian Businesses, including Entries and Exits [(cat. no. 8165.0) or CABEE], provides users with an annual snapshot of Australia's actively trading businesses. CABEE uses administrative data sourced from the Australian Business Register (ABR), which includes information about a wide range of business entities throughout Australia.

CABEE provides a more comprehensive count of Australia's business population than COSBO. The data source for CABEE, the ABR, provides data on all Australian businesses (i.e. it is a Census), while COSBO sources data through a survey of households. Therefore, estimates from COSBO were subject to sampling error. CABEE also has the added benefit of alleviating the provider load of respondents given its exclusive use of administrative data.

A range of CABEE data pertaining to small businesses is available free for download from the ABS website. In addition, a customised data service is also available. For further information, please refer to the latest release of Counts of Australian Businesses, including Entries and Exits, Jun 2003 - Jun 2007 (cat. no. 8165.0)

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Business Longitudinal Data

ABS has developed a Business Longitudinal Database (BLD). The BLD comprises a time series of characteristics and financial data for a sample of businesses. Data is sourced from the Business Characteristics Survey (BCS), taxation data (including Business Activity Statement and Business Income Tax data), as well as data on exports and imports from the Australian Customs Service. This will allow the production of range of products which will provide users with details of change in the characteristics and performance of small and medium Australian businesses over time.

Data from the BLD will be released in the form of specific analytical papers and in a confidentialised unit record file (CURF). The BLD, or the BCS, which forms part of the BLD, will enable the production of a variety of outputs covering a range of business demographic topics. Some of the more recent releases from the BLD or BCS are discussed below.

8164.0 Discussion paper: The first iteration of the Business Longitudinal Database, 2004-05

The ABS has released a Discussion Paper on the BLD (ABS cat. no. 8164.0) to seek comment on its future content. This publication provides an overview of the data contained in the BLD and examples of its analytical potential.

Whilst the publication does contain some initial data from the BLD, its primary purpose is to encourage feedback from BLD users as to the adequacy of the topics and financial variables contained in the BLD, and the methodology by which productivity is to be measured.

For further information, please refer to Discussion paper: The first iteration of the Business Longitudinal Database, 2004-05 (cat. no 8164.0)

8167.0 Selected Characteristics of Australian Business, 2005-06

This release from the 2005-06 Business Characteristics Survey (BCS) presents summary data for a selection of topics including: business structure; business performance; business innovation; business finance; business markets and competition; and barriers to business activities or performance. Much of the data contained within this release has not been previously collected. Further detail for these topics were released as spreadsheets via the ABS website.

For further information, please refer to Selected Characteristics of Australian Business, 2005-06 (cat. no 8167.0).

Data from the 2006-07 Business Characteristics Survey is expected to be released in September 2008.

Detailed data from the BCS relating to information technology and innovation have been released in the following publications. Users with a particular interest in these areas may also find these useful.

Summary of IT Use and Innovation in Australian Business, 2005-06 (cat. no. 8166.0);
Summary of IT Use and Innovation in Australian Business, 2006-07 (cat. no. 8166.0);
Business Use of Information Technology, 2005-06 (cat. no 8129.0); and
Innovation in Australian Business, 2005 (cat. no. 8158.0) (expected to be released August 2008).

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FURTHER INFORMATION

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070, email <client.services@abs.gov.au> or Ashley Bartlett on Canberra (02) 6252 5402, email <integration.nsc/bsc.wdb@abs.gov.au>

RELATIVE STANDARD ERROR ESTIMATES

| RELATIVE STANDARD ERROR ESTIMATES | | | |
|--|-------------------|--|--|
| | | 2005 COSBO Relative Standard Errors | 2006 COSBO Relative Standard Errors |
| | | % | % |
| <hr/> | | | |
| Sex | | | |
| | Males | 0.8 | 0.9 |
| | Females | 1.7 | 1.9 |
| Age | | | |
| | Males | | |
| | Less than 30 | 5.5 | 4.8 |
| | 30-50 | 1.3 | 1.5 |
| | 50+ | 1.9 | 0.1 |
| | Females | | |
| | Less than 30 | 8.3 | 8.9 |
| | 30-50 | 1.8 | 1.8 |
| | 50+ | 3.2 | 3.4 |
| | Persons | | |
| | Less than 30 | 4.8 | 3.7 |
| | 30-50 | 1.0 | 1.3 |
| | 50+ | 1.5 | 2.3 |
| Hours worked | | | |
| | Males | | |
| | Full-time | 0.9 | 0.9 |
| | Part-time | 3.5 | 3.6 |
| | Females | | |
| | Full-time | 3.0 | 2.9 |
| | Part-time | 2.0 | 1.9 |
| | Persons | | |
| | Full-time | 1.0 | 0.9 |
| | Part-time | 2.0 | 1.8 |
| Birthplace | | | |
| | Males | | |
| | Born in Australia | 1.1 | 1.1 |

| | | |
|---|------|------|
| Born overseas | 2.6 | 2.6 |
| Females | | |
| Born in Australia | 1.5 | 1.3 |
| Born overseas | 3.8 | 3.8 |
| Persons | | |
| Born in Australia | 1.0 | 0.9 |
| Born overseas | 2.5 | 2.3 |
| Number of business operations conducted | | |
| Males | | |
| One | 0.6 | 0.5 |
| Two | 7.3 | 5.3 |
| Three or more | 11.6 | 12.6 |
| Females | | |
| One | 0.8 | 0.5 |
| Two | 10.0 | 8.4 |
| Three or more | 20.5 | 23.1 |
| Persons | | |
| One | 0.5 | 0.4 |
| Two | 6.7 | 0.5 |
| Three or more | 11.2 | 12.7 |

Source: 2005 and 2006 Characteristics of Small Business Surveys (cat. no. 8127.0)

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About this Release

Latest main features. Previous version of main features did not include all commentaries relating to small business operators and small business.

This product presents small business operator counts and proportions (excluding operators of Agricultural businesses). These data are sourced from the 2005 and 2006 Characteristics of Small Business survey (cat. no 8127.0).

Topics covered include: sex of operators; age of operators; (usual) hours worked by operators, per week; birthplace (Australian born or born overseas); and number of business operations conducted.

This publication represents the final data release from the Characteristics of Small Business survey (cat. no. 8127.0). Further information regarding ABS' plans for the release of business operator statistics is presented towards the end of the article.

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